

ERNEST L. NEWTON: THE NEVADA TAXPAYERS ASSOCIATION, 1962-1983

Interviewee: Ernest L. Newton

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Description

Ernest Newton was born in 1908. From 1962 to 1983 he was the chief administrative officer of the Nevada Taxpayers Association. Its legislative priorities were at least partially shaped by his personality during that time.

The Nevada Taxpayers Association was founded in 1922 to promote "the greatest possible economies, consistent with efficiency, in the collection and expenditure of public monies." In the years since, the Association has become quite influential in Nevada politics. Annual dues from its conservative membership have enabled it to lobby effectively for inhibiting the power and cost of government. Indirectly, the Association has been a force in the suppression of taxation in Nevada, and a powerful advocate of keeping spending for public service programs to a minimum.

In his oral history, Mr. Newton discusses the effectiveness of the Association over the twenty-one-year period through which he guided it. Included are assessments of six governors and others who were active in state government during those two decades. Particular attention is given to the principles which guided the Association, and to Mr. Newton's relative success in seeing those principles gain expression in the government of Nevada.

Ernest Newton was not a public figure; his name was not widely known outside government and business circles in Nevada. Yet, for two decades he exercised considerable influence over the course of events in the state.

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THE NEVADA TAXPAYERS ASSOCIATION, 1962-1983

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An Oral History Conducted by R.T. King

University of Nevada Oral History Program

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University of Nevada Oral History Program
Mail Stop 0324
Reno, Nevada 89557
unohp@unr.edu
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Publication Staff:
Director: R.T. King

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PREFACE TO THE DIGITAL EDITION

Established in 1964, the University of Nevada Oral History Program (UNOHP) explores the remembered past through rigorous oral history interviewing, creating a record for present and future researchers. The program's collection of primary source oral histories is an important body of information about significant events, people, places, and activities in twentieth and twenty-first century Nevada and the West.

The UNOHP wishes to make the information in its oral histories accessible to a broad range of patrons. To achieve this goal, its transcripts must speak with an intelligible voice. However, no type font contains symbols for physical gestures and vocal modulations which are integral parts of verbal communication. When human speech is represented in print, stripped of these signals, the result can be a morass of seemingly tangled syntax and incomplete sentences—totally verbatim transcripts sometimes verge on incoherence. Therefore, this transcript has been lightly edited.

While taking great pains not to alter meaning in any way, the editor may have removed false starts, redundancies, and the “uhs,” “ahs,” and other noises with which speech is often liberally sprinkled; compressed some passages which, in unaltered form, misrepresent the chronicler's meaning; and relocated some material to place information in its intended context. Laughter is represented with [laughter] at the end of a sentence in which it occurs, and ellipses are used to indicate that a statement has been interrupted or is incomplete...or that there is a pause for dramatic effect.

As with all of our oral histories, while we can vouch for the authenticity of the interviews in the UNOHP collection, we advise readers to keep in mind that these are remembered pasts, and we do not claim that the recollections are entirely free of error. We can state, however, that the transcripts accurately reflect the oral history recordings on which they were based. Accordingly, each transcript should be approached with the

same prudence that the intelligent reader exercises when consulting government records, newspaper accounts, diaries, and other sources of historical information. All statements made here constitute the remembrance or opinions of the individuals who were interviewed, and not the opinions of the UNOHP.

In order to standardize the design of all UNOHP transcripts for the online database, most have been reformatted, a process that was completed in 2012. This document may therefore differ in appearance and pagination from earlier printed versions. Rather than compile entirely new indexes for each volume, the UNOHP has made each transcript fully searchable electronically. If a previous version of this volume existed, its original index has been appended to this document for reference only. A link to the entire catalog can be found online at <http://oralhistory.unr.edu/>.

For more information on the UNOHP or any of its publications, please contact the University of Nevada Oral History Program at Mail Stop 0324, University of Nevada, Reno, NV, 89557-0324 or by calling 775/784-6932.

Alicia Barber
Director, UNOHP
July 2012

INTRODUCTION

The Nevada Taxpayers Association was founded in 1922 to promote “the greatest possible economies, consistent with efficiency, in the collection and expenditure of public monies.” In the years since, the Association has become quite influential in Nevada politics. Annual dues from its conservative membership have enabled it to lobby effectively for inhibiting the power and cost of government. Indirectly, the Association has been a force in the suppression of taxation in Nevada, and a powerful advocate of keeping spending for public service programs to a minimum.

From 1962 to 1983 Ernest L. Newton was the chief administrative officer of the Nevada Taxpayers Association. Its legislative priorities were at least partially shaped by his personality during that time.

In this 1983 interview Mr. Newton discusses the effectiveness of the Association over the 21 year period through which he guided it. Included are assessments of 6 governors and various other figures who were active in state government during those 2

decades. Particular attention is given to the principles which guided the Association, and to Mr. Newton’s relative success in seeing those principles gain expression as factors in the government of Nevada.

Ernest Newton was not a public figure; his name was not widely known outside government and business circles in Nevada. Yet, for two decades he exercised considerable influence over the course of events in the state. This brief interview, conducted just before Mr. Newton retired to North Carolina, provides some insight into an important element in the 20th century development of Nevada.

R. T. King
University of Nevada, Reno
1983

A LETTER FROM ERNEST L. NEWTON

[A letter of clarification from Mr. Newton]

ERNEST L. NEWTON
1615 Forest Valley Rd.
Greensboro, NC 21410

9 June 1984

Dr. R. T. King
Oral History Program
University of Nevada, Reno Library
Reno, Nevada 89557-0044

Dear Dr. King:

Thank you for sending me a copy of our conversation of 29 July, 1984. The format is much more elaborate than I expected.

Two statements in your Introduction give impressions which I believe to be inaccurate and I would appreciate it if, at least in the permanent library copy, there be inserted a statement of my disagreement.

In the first paragraph you characterize the membership as "conservative". The Association membership was made up of a broad spectrum of business and professional people of Nevada and many would make strong objection to a designation as "conservative" (as opposed to "liberal".)

Then in the next sentence you assert that the efforts of the Association were dedicated to "keeping spending for public service programs to a minimum." Our efforts were devoted to control of public expenditures for ALL programs at a level commensurate with the value of the programs and the legitimacy of the funded function as a governmental activity. It is inaccurate to suggest that our objections were leveled primarily at public service programs.

Very truly yours,
E. L. Newton

THE NEVADA TAXPAYERS ASSOCIATION, 1962-1983

R. T. King: Normally, we begin these interviews by having the person being interviewed give us some biographical information, but I think in your case it's probably better if we just get you to send us a resume when you get to North Carolina. We have a limited amount of time available to us today, and I know you are very busy with moving.

The major topic of our discussion will be the formation of tax policy and the role that various legislators and governors have taken in that, and, of course, the role that you yourself have played in tax policy as the executive vice-president of the Nevada Taxpayers Association since 1962. I'd like to begin by asking you, however, why you came to Nevada. I understand that you were a successful attorney in Wyoming for a number of years.

Ernest L. Newton: Well, I was involved with several of the directors of the Nevada Taxpayers Association in President Eisenhower's program for the improvement of public education in the United States.

There was formed in Nevada, as there was in Wyoming, a group of people to study the financing of public education in our several states.

That was formed by the administration...by President Eisenhower?

It was formed by the National Council for Better Schools, which was an organization that was envisioned by James Bryant Conant, then the president of Harvard University. [It] was adopted by president Eisenhower, and particularly by Secretary [of Defense, Neil H.] McElroy (1957-1959) who was at that time the president of Procter and Gamble [on 2 year leave], and who undertook to develop a program for state, local and federal cooperation in the financing of public education.

Each state had a steering committee, formed usually by the governor. In Nevada, Governor [Charles H.] Russell appointed a committee—the Governor's School Survey Committee— which was very active, and

which was headed by the then president of the Nevada Taxpayers Association. Included in the, I would guess, 25 members of that committee were 7 or 8 of the directors of the Taxpayers Association; *not* because they were directors of the Taxpayers Association, but because they were each quite outstanding persons in their own particular field, and very well thought of, and consequently they were the kind of people any governor would look toward.

A similar committee was formed in Wyoming, of course, and I was the secretary of that Wyoming committee. Consequently, we had a very close association with the governor's school survey committees in Nevada and Wyoming, Colorado, Idaho, Oregon, Washington, California—all over in the West. And we all attended the President's White House Conference on Education in 1955.

When those problems were substantially solved during the following 5 or 6 years—and they were in practically all the states substantially solved—the position as the chief executive officer for Nevada Taxpayers Association became vacant when my predecessor was appointed state budget director.

Who was your predecessor?

Howard Barrett was the...not my immediate predecessor, but my immediately effective predecessor. There was a hiatus there of about 7 or 8 months, that the association was more or less in limbo while they were seeking a satisfactory person to head the organization.

Anyway, they called me in March of 1962 and asked if I'd be interested in coming out and going to work for the Taxpayers Association, and I was.

This is very interesting. Now I want to take just a moment here to ask you a question. I am recently arrived in Nevada myself, and I've been told that Nevada very rarely goes outside of its own state boundaries to bring people in. You were brought in from Wyoming. Was there any special set of circumstances surrounding that? Why didn't they pick a native Nevadan?

I don't know. My predecessor once removed, who was Neil Humphrey, was brought in from Colorado. He went on to become state budget director, later to become chancellor of the University of Nevada System, and now is the chief administrative officer for a college in Ohio, I believe. I don't know the name of it or even where it is. His successor was Howard Barrett, who became state budget director and served in that capacity for 22 years, and then resigned last August; then after a year decided that he'd better go back to work, and ought to go back to work. So he was anxious and willing to resume his original employment in Nevada.

I don't know if it's quite fair to indicate that Nevada has a predisposition to promote from within. They look both in and out for competent people, and when they find them they employ them. If they don't find anybody with outstanding qualifications within the organization, of course....

Did you have any reservations initially about coming to Nevada?

No, no. I had developed over the years, between 1954 and 1962, a very high regard for probably a dozen of the civic and political leaders of Nevada, and I had complete confidence in them.

You were appointed the executive vice-president, as I understand it, of the Nevada Taxpayers Association?

Originally they called it “executive secretary,” but they changed it sometime during the period when I was working to “executive vice-president.” I don’t remember when, and I don’t even remember why.

Hasn’t changed the duties any, has it?

No, not a bit.

What are the duties? What have you been charged, specifically, with doing over the last 20 years?

When I originally came here, the organization was primarily a research organization. Its work was designed in such a way that it would compile data showing the change in support, or change in methods of support, for various specific governmental functions throughout the state, primarily, and its subdivisions.

You said, “various governmental functions.” You don’t mean just taxes, then?

Well, of course, the only purpose of taxation is to provide funds for the various governmental functions; and if a government has no functions, it has no taxes. So the thing that causes taxes is public spending.

Well, that gives you the opportunity, then, to look into all phases of government?

That’s right. And primarily with a view to determination of whether or not the state was getting its money’s worth for the amounts of money being spent for any particular specific function. Thus, we were concerned that the state would get its money’s worth from the operation of the university system, originally.

How do you determine that?

By comparison with other universities and their success.

What would you compare? Is it a quantitative comparison, in terms of numbers of...?

No, no. [We] compare the qualitative record, qualitative reputation of their various programs; and the cost of those programs (usually on a full-time equivalent student basis) to determine if it costs more, for instance, to train an agricultural engineer in Nevada than it does in Wyoming or Colorado or California or wherever. And are the graduates of a particular program in Nevada able to hold their own with graduates of similar programs from other universities?

And is there a demand for a particular program that is continuing at the university, for instance, or in high school, for that matter; or is the demand occasioned by the availability of an instructor more than the availability of students? We’ve had some horrible examples, particularly in high school, of high school courses being offered for 1 and 2 and 3 students just because the teacher was available to teach that particular course, but the basic demand for the course just wasn’t there.

Anyway, that was our principal function. Gradually over the years and beginning in about 1958 to 1960, there has been an enormous growth in the compilation and codification of reliable statistical data. I think probably that’s the result of computers, which have been able to compile data much faster, much more accurately than was ever able to be done by people using hand calculators and pen and ink. Consequently, that pure research function has given way to a function of analysis and interpretation, rather than the compilation of raw data. I think it has become much more useful, because whatever we do is

primarily for the benefit of our members—to aid them in making business and personal decisions, as far as their attitudes will be toward political activities, or as far as their plans will be for the expansion or contraction or change in direction of their own particular business or professional enterprise. And consequently, analysis has become a major factor.

The second major purpose of the association has been to identify sloppy—as opposed to criminal—administrative work by public officials. We’ve had considerable success with that, because, basically, I think it’s fair to say that most public officials—particularly most elected administrative public officials—want to do right and want to operate honestly and according to law. But sometimes they get sloppy; they get careless.

And one of our functions with the association has been to point out bad habits that some administrators get into and continue just because nobody has ever called it to their attention. Not only bad habits from an administrative standpoint, but bad habits from a cost standpoint. They do things the same old way just because that’s the way it’s always been done, and fail to recognize that there may be some better, less expensive way of accomplishing the same result.

You say you’ve had some success at that.

Yes.

Can you give me an example? Can you tell me your greatest success, perhaps, at pointing out sloppy administrative techniques and having them changed?

I think one of our great successes was the adoption of the uniform purchasing code for local governments, whereby purchases of

equipment and supplies by local governments had to be carried on in a fishbowl atmosphere and in the response to a real need for purchases. Our provision for uniform inventory procedure for local governments has paid off and avoided some purchases of equipment that was a duplication of a whole bunch of the same equipment stored in warehouses by the entity that was doing the buying. They just lost track of it; they hadn’t kept track of their property.

Some of the improvements that we at least claim part of the credit for have been developed in personnel policies—employment policies—within state and local government.

In what way? What sort of changes have you effected in employment policies?

Well, there was a time about 20 years ago, in response to the plea of public employees for more security in their employment.... There was an over-classification of employees, so that a governor, for instance, was almost powerless to select even his most trusted employees when he went into office. At one time about 20 department heads were the only people in state government subject to discretionary appointment. That presented an almost intolerable situation, because we had department heads who were, to use the vernacular, jerking the rug out from under the governor at every opportunity, making him look bad, and that was intolerable. Now we have a situation where a department head and at least 2 deputies are subject to the governor’s appointment.

In every department across the board?

At least 2 deputies, and in some cases a great many more than that.

Now, when did that policy come into effect?

In about 1967, I suppose...or 1969.

Your organization was largely responsible for that?

I don't think it's fair to say we were largely responsible. We promoted it and urged it, and it came about. Governor [Paul] Laxalt was very strong for it, and it came about during his administration.

Do you know where the idea originated? Was it within your organization?

I don't know. It may well have been. It may have originated in some legislative committee. I don't know. It's an idea whose time had arrived and it met with favor.

Has the Taxpayers Association had a guiding philosophy that is expressed anywhere? Do you have a charter for...?

Yes, we have a charter and by-laws. Our basic philosophy is that the purpose of government is to keep the peace, and beyond that, every activity of government is questionable. As a basic philosophy, that, generally speaking, government has insinuated itself into so many areas where it doesn't belong and shouldn't be, and where it operates with consummate inefficiency.

I get challenged on that statement at regular intervals, because there are some functions that don't serve to keep the peace, but they are very popular and very active functions of government. And most people, I suppose, would resist any effort to curtail those functions. But our basic philosophy is that government attempts to do much more than it was designed to do or that it can do efficiently and well.

Well, that must put you almost in opposition to the legislature, then. I understand that you're what might be termed a lobbying organization—that you do try to get certain policies effected.

Yes, we do.

But it strikes me that you are in a sense stating that most of what goes on in the statehouse is unnecessary or redundant, and you're....

Well, our principal concern is with the rejection of legislation rather than with the passage of legislation. I think that would be fair to say.

You mean over the years you've given most of your efforts to keeping legislation from being passed, then?

That's right. Most of our efforts have been designed to kill legislation rather than pass it. I think you could count on one hand the items where we actively promoted specific legislation.

Well, good. That gives me the opportunity, then, to.... If you can indeed count them on one hand, they must be terribly important...over 20 years. Why don't you tell me those bills that were worth passage in the 20 years that you've been here in Nevada.

That would have been bad had they been passed?

You said you could count on one hand bills whose passage you and your organization had favored. Can you name some of those and tell us why?

Yes. The first one, I think, was the return to biennial sessions of the legislature. At one

time we had annual sessions of the legislature..
in 1960. And by an initiative petition, an
initiative program, we went back to the
biennial sessions of the legislature.

What purpose do you think that served?

It cut the number of sessions of the
legislature in half.

*Cuts the number of bills in half, too, then, if
you're lucky?*

Well, if you're lucky. Nevada just doesn't
need constant, continuous legislative
oversight of the operation of state and local
government. It's just unnecessary; it's an
unnecessary expense.

Another program that we promoted and
adopted was the tax reduction program in
1979. Another program was the decision that
was made in 1977 to use the surplus revenues
that had developed as a result of inflation—
the *enormously* increased revenues to state
government that had developed— primarily
for capital construction programs rather
than for expansion of on-going programs or
development of new programs.

State government revenues increased
by almost 100 percent within a period of
about 5 years in the late 1970s, and that was
primarily a function of worldwide inflation.
As property values increased and assessed
valuations increased and rates remained
the same, tax revenues just grew by leaps
and bounds. It got a great many states in
trouble, because they developed programs
that in a normal, non-inflationary time they
could not begin to continue to fund. That's
why a great many states are in much greater
trouble than Nevada is. Nevada really is
in comparatively excellent shape as far as
funding is concerned.

There is being developed now a program
for a uniform method of bookkeeping for
local governments. It will enable anybody to
compare the financial operations of 2 local
governments with each other without the
need for a translator to determine what they
mean by various account classifications and
functions and things of that kind.

We've been singularly unsuccessful in our
efforts to reduce the drain of unemployment
claims against the state funds. Nevada has
a very, very, very generous unemployment
compensation program that is so generous that
not working is oftentimes more advantageous
than working. But it's been a program that
we've been unable to operate.

I think those are....

*That's about it, as far as the things that you've
taken an active role in? Well, it seems to me
that you really have taken upon yourself the
responsibility to try to reduce spending....*

Reduce the cost of government, that's
right.

*Well, not just the cost of government, but
the spending of state revenues in any form—
whether it's for government purposes or for
anything else, for that matter. I don't think we
could call higher education a function of state
government, necessarily, although....*

Well, isn't it a function of state government?

*Well, the people of the state pay for it up to a
point. There's a lot of federal and private money
involved as well.*

Income tax....

*But is the state government not just a funnel for the
money that comes in? In this case, a channel into...?*

Well, I think you could say that for any function of government at all: that government operates as a collection agency for the various functions of government, a collection and distribution agency. State government, and to some extent each of the subdivisions of state government, operates a collection agency; they collect taxes from various people and decide what share of those taxes will be spent for each of the particular functions for which they're collected.

So I think education, including higher education....

Would that be the view of the Taxpayers Association?

Yes.

They would say that that is what government is, if they had to define government in a couple of sentences?

Government is a bundle of programs operated by a governmental entity. One of those programs is the collection of taxes in order to fund those program functions of government. I don't think there's any question but what education generally is not only a function of government, but far and away the most expensive function of government; and in many instances, the least efficient function of government, and in many other instances, the least justifiable function of government, because education is not historically a function of government.

When did it change, according to the Nevada Taxpayers Association? Then did it become a function of government?

When Horace Mann conned the Massachusetts legislature into the support

of his private seminary in Boston. And he convinced the people of Boston that everybody ought to....

You take it back that far? I was curious as to how far back it would go, by your definition.

Yes. I'm sure you know that Harvard, Yale and all of the great universities—great, old universities—were private universities and were funded privately, and common schools were even privately funded. They were a function in many cases of church groups; in other cases just groups of neighbors who got together and hired a teacher.

Well, we're not here to debate this. But I would advise you to consult some other sources on this, because very early on in the history of this country—before it even became the United States—there were publicly funded schools.

Oh, I'm sure there were publicly funded schools. And it's our view that that should be looked at very carefully to be sure that the public funding of schools...or that the education of our people, both young and old, is accomplished in as efficient a method as possible. And it's our prejudice that probably a government operation is the least efficient of any operation you could devise.

Allow me for a moment to restate this, theas I understand it, what you're saying is that the Nevada Taxpayers Association (and I would assume you, personally, over this 20 year period) has been involved in trying to, shall we say, lessen the collection of revenues from the people of Nevada—in some way to stop the government of Nevada and the municipal governments of Nevada from collecting so much in the way of taxes—and simultaneously put a halt to some of the distribution of this money.

You're trying to slow this whole process of collection and distribution of revenue down, as I understand it.

That's true, but I think you've just stated it backwards. Our principal purpose has been to reduce the expenditures of government, which will automatically result in a reduction of taxation. But our focus has been on expenditure control rather than on tax collection policy, because expenditures cause taxes.

A great many organizations counterpart to Nevada Taxpayers Association are called public expenditure councils. For instance, the Missouri Public Expenditure Council is primarily concerned with the control of expenditures in Missouri. I suppose half of the so-called taxpayers associations in the United States are called public expenditure councils or public affairs councils or something of that kind. So that's the thrust: the control of expenditures.

Who does the Nevada Taxpayers Association represent?

Nobody. We don't even undertake to be a representative organization.

Well, who funds you, then? What's the source of your support?

Our members—we're supported by our members.

Would it be safe to make any generalizations about the membership? Who are they?

Well, they're any business or individual who so believes in the usefulness of our function that they're going to support it financially. There's no schedule of dues;

there is no requirement that they pay any particular amount. We request that anybody who belongs pay at least \$25 a year, because it costs us \$25 a year to put somebody on the mailing list and just generally keep the records and things of that kind. But we're not a representative body; we're a research and educational organization, and people who believe in our activities provide funding.

But you also lobby on the floor of the state legislature, I believe.

That's right, in the support of the same programs for which we attempt to educate the people. And our lobbying is basically an attempt to educate members of the population who happen to be members of the legislature.

I see.

And it's truly an educational function.

Of course. You are attempting to influence legislation as well, though?

Yes, yes, we are.

That's what led me to ask what body of the population you represent.

We don't represent anybody. I don't think it's important that we should represent anybody, because to represent a person, it means that you have to express a point of view that is consonant with the point of view of our members. And we don't know what the point of view of our total membership is on anything, as far as that goes.

Well, one measure of that might be dues.

Exactly.

Can you now spend a moment or 2 and tell me what has happened in the way of collection of dues over that 20 year period? Have there been times during those 20 years when your organization has been supported to a greater extent than it has at other times?

Yes, but it has absolutely no correlation with our stands on public issues.

Does it correlate with anything?

It correlates with the economic health of the business people of the state.

In what way? When they are well off, they support...?

When they're well off, their contributions to the Taxpayers Association grow; when they're in a tight financial situation, their contributions are cut back. We have, fortunately, just completed a study for the benefit of my successor as executive vice-president, a study of the reason for the termination of memberships. And in 20 years we have had 7 memberships terminated because they disagreed with the position of the association. I was surprised, because I thought there would be more than that. But we started with a budget in 1962 of about \$25,000 a year, and our budget now is about \$130,000 a year.

It's grown substantially, then?

It's grown enormously, yes.

Of course, if you take inflation into account, perhaps it hasn't grown quite that much.

That's right. Probably 1,000 percent inflation in... well, maybe not in 20 years,

but there's been 500 percent inflation, and it has grown. But it's also grown in numbers of supporters, as well as in dollar volume.

The state of Nevada has grown enormously during that period as well.

That's right.

What do you find to have been the changes in the political climate as a consequence of that growth? Do you find that your position is supported by newcomers to the state, or is it opposed?

I don't know.

Is it more difficult now or less difficult than it was early on to get your message across and to perhaps influence legislation?

I think it's more difficult at the moment to influence legislation, because I think that since Baker against Carr, which was the reapportionment decision in the United States Supreme Court [1962]—a one-man-one-vote decision—since Baker against Carr, the quality of our legislators, both as to their intelligence and their diligence and their integrity has been seriously prejudiced.

That's quite an indictment. Why do you believe that's so?

Because it has become a *job* for some people; the best paying job they're able to hold, and the one with the most compensation and perks. It's sad. And on the contrary, it has been coupled with this drive for the so-called "sunshine" laws, where everybody in public life is subjected to examination of everything from day one of their life—everything they've ever done or failed to do

throughout their entire lifetime. And a great many highly competent people just will not subject themselves to that kind of publicity.

So you feel it's the quality of the legislators that has made it more difficult for you to get your...?

Oh yes, yes. The second prejudice, I think, to the effectiveness of legislation is the efforts of administrative officers of government to influence legislation.

We're talking about the bureaucracy?

Yes. Well, even some of the elected administrative officers. For instance, Clark County and the city of Las Vegas are reputed to have spent \$500,000 lobbying in the 1983 session of the legislature—just those 2 entities. The Clark County School District probably spent \$250,000 in their efforts to influence legislation. And that has made it very difficult for the common garden variety of business-professional men to finance a campaign without making unacceptable commitments.

Well, I have only a limited amount of time available here. I have been told by your wife that we have to move this thing along, so I hope you'll forgive me for moving along rather choppily. I have several more questions that I think we ought to have answered. They are rather important.

I'm curious about the development of this particular philosophy of government, and whether or not it springs from ideology or from personal experience or from the experience of the people who preceded you within the Nevada Taxpayers Association.

I expect it proceeds from ideology, primarily. Without arrogance, I suggest that most of the attitudes of the association

are developed by the executive director or the executive vice-president, subject to confirmation or veto by the board of directors. And until early this year, I had never had a proposal rejected.

Did you have one rejected this year?

I had an incipient rejection, and consequently I resigned.

I had no idea. Can we discuss that?

No, no.

All right. You can't even give me an idea as to what it might have been about?

I will not.

I won't press you further on that, then; I understand. So it has developed, then, out of your own personal ideology, the policies of the...?

Primarily, yes, but it has been an ideology which up until this year has been unanimously confirmed by a 30 person board of directors over a period of 20 years. And that board of directors has had a substantial turnover. There's only one current member of the board of directors who was a member at the time I was employed.

Was that ideology built on reading that you did?

I think some reading and studying.

Formal reading and studying at the University of Wyoming, evidently? That's where you took your bachelor's degree; then you went to Stanford.

That's right, to law school.

How would this have developed? What periods...?

I think my study of history and constitutional law. I just am thoroughly at odds with the growth of the influence of government on the lives of active American people. I don't think it's right; I don't think it's efficient; I don't think it's proper, and I think it's basically criminal, because it undertakes to take away one person's substance and give it to somebody else—the Robin Hood philosophy.

I could spend 30 minutes talking to you about this, but we won't. I have several others that we ought to get on to, I think. One thing that I'm particularly interested in is your sense of the development of the power structure here in Nevada over the 20 year period that you've been closely associated with state government. Of course, the gambling (or as it is now called, "gaming" industry) is always held up as being perhaps the most powerful interest group in the entire state. Do you think that's true? Has that occurred only during the last 20 years, or what?

In the first place, I don't think it's true. And if it is a fact that they have enormous influence, it is also a fact that they have an enormous stake in the fiscal and business health of the state, and an enormous stake in the continuation of the profitability of their substantial investments.

You will find in any state that the principal economic activity of the state bears an influence ratio comparable to their proportional economic importance within the state. Thus, for instance, one might say the automobile industry controls Michigan; or one might say that the farmers control Kansas or Illinois or Ohio; or that the rubber

industry controls Ohio; or that the meat-packing industry controls Illinois. It's just a fact of life that economic power generates political power.

So you're saying, then, in effect, that the gambling industry (or the "gaming" industry, as it's called) is the most powerful influence here in the state.

I think that's probably true—both economically and politically.

And politically. They're able to influence legislation?

Yes, but I don't [think] they're able to influence legislation that is a detriment to anybody, or even try.

I gather you feel that they're rather responsible in their....

I think they're very responsible.

All right. Over the years, perhaps you could characterize the various governors with whom you've been associated. Which ones have been more to your liking than others, perhaps in their policies concerning...?

Well, they've all had very strong characteristics and substantial weaknesses. Governor [Grant] Sawyer was the governor [1959-1967] when I first arrived in Nevada. He's a very competent lawyer, highly competent lawyer, and at the time of his governorship was not unduly partisan in his activities. For a time he had a Republican legislature, with whom he got along beautifully; there was just no problem as far as that was concerned. And he did a most substantially good job. It was under his administration that the control of

gambling in Nevada was changed from county control to state control.

Do you feel that was a good thing?

I think it was an excellent thing, yes, because no county had the resources to sufficiently examine the credibility of various applicants for gaming licenses. And the state had the, if you will, the clout with which to back up their decision. They've been remarkably successful in... built primarily on Governor Sawyer's program of state control of gambling.

He was followed by Governor Laxalt [1967-1971], of whom I was very fond, by the way, personally. We had known one another and our offices were next door for 6 years before he was elected governor...during part of which time he was lieutenant governor. He was the recipient (or the beneficiary, I'd guess you'd say) of some substantial inflationary pressures and a high growth rate, as far as economic growth of the state was concerned, and an enormous expansion in the responsibilities of government. Whether or not the government should have accepted those responsibilities is a political decision that doesn't make any difference whether you agree with it or not; it was made. But there were enormous funds channeled to the university system and public education that resulted in substantial expansion in those particular functions of government.

Governor Laxalt was troubled, as I think probably many governors are, with an innate dislike of a requirement to fire anybody. He just hated like sin to terminate anybody, however incompetent. And it got him into trouble in a couple of instances, because some people that he reluctantly trusted to continue in their jobs went haywire for him.

He was followed by Mike O'Callaghan [1971-1979] who, by the way, had been fired by Governor Sawyer as first director of Health and Welfare.

Do you think justly so?

I suspect so. Yes, I suspect so, because Governor O'Callaghan grew enormously in the years after he left state government as director of Health and Welfare and prior to his election as governor . . . had a lot of real good experience and a lot of real good training. He was over his head when he was first appointed as director of Health and Welfare, but he learned. I suspect he would have learned in the job as director of Health and Welfare, but Governor Sawyer was under pressure to relieve him and did relieve him. And it caused quite a little bitterness at the time, although that was almost completely healed in the years since.

What was your assessment of him as a governor?

He's very blunt. He has some very, very definite prejudices. He's the kind of a guy that wants things done day before yesterday—very impatient. During his term as governor he went to work at 5:00, 5:30 and 6:00 in the morning. And it was nothing for him to call one of his department heads at 6:00 in the morning and say, "I've got something I want to talk over with you. Come on down to the office," or "Come on down to the Pine Cone, and I'll buy you coffee," and whatever.

He has many of the attributes of a Marine drill sergeant, of which he was one. And I think he's completely honest. He's bullheaded, but you never have to wonder about what his stand is going to be on something; he'll tell you in words of one syllable, in language you

learn in the Marine Corps, exactly how he feels about most anything. And he's a pretty good governor.

He was followed by Bob [Robert F.] List (1979-1982), who was his attorney general, by the way, for 8 years, and with whom he got along beautifully—O'Callaghan and List. Bob suffered from one of the same problems that Governor Laxalt had: he hated to fire anybody. He kept on some people that he should have fired the day after he took office because they were disloyal. And he made some staff changes..he hired some people for his staff that just couldn't handle it. He recovered in the second 2 years of his term, but I think the damage to him was done during the first 2 years of his term, and he never recovered.

I see the same thing going on with Governor [Richard H.] Bryan [1982-]; he's made some terrible mistakes—just terrible mistakes that I don't think he'll ever recover from.

Having to do with personnel?

Having to do with personnel; having to do with tax policy—he proposed some tax measures that were *clearly* unconstitutional, that *clearly* could not be implemented short of a vote of the people. And he ran his whole campaign not against Bob List but against big business and the utilities and various special interest groups, based on what I think is just pure demagoguery.

It sounds as if of all the governors you've known since you've been in the state, he's the one for whom you have the least respect.

That's right, that's right.

Probably the one whose performance is less....

Well, is yet to be evaluated, because he's only been in office for 8 months. And how it'll pan out I don't know, but he sure has started out in a bad way.

Let me ask you a final question, and I'll let you go this afternoon. This is one that I think you have personal knowledge of, although I'm not sure. It's my understanding that you've served on some tax formation committees for the government in the last several years. Is that correct?

Yes.

It seems to be a recent trend among state governments to turn the tax policy over to committees, and then to place their findings in front of the legislature to have them ratified. Tell me something about that here in Nevada.

Yes. Most of those committees are legislative committees on which outsiders are invited to participate, but the thrust of the committee is members of the taxation committee—that is, the leadership of the 2 taxation committees in the legislature. I've been on...let's see, I was on one with Bob Cahill for Governor Sawyer; I was on one for Governor Laxalt, for O'Callaghan, List.

Practically every 2 years, the legislature sets up an interim committee on taxation. For the last 20 years the executive officer of the Taxpayers Association has been a member of that committee, I think primarily just to pick our brains, because they're very responsible people. There's been a lot of new ground plowed in Nevada as far as tax policy is concerned, and a lot of concern over whether it was exactly the thing to do or not. And generally speaking, I think their first judgment has been right.

Has the Taxpayers Association—or I guess I'm talking about you personally because you've

always represented them over this time—do you think that you’ve had any effect on the formation of tax policy?

Oh, I’m sure we have.

A positive effect?

Yes, yes, I do.

Been able to influence it favorably?

Yes, I’m sure we have, because first of all we don’t have to get elected again; and that’s important, because some of those guys who are members of the legislature look with political eyes on almost every decision that’s made. We’re in a position to make some statements about practical tax policy, to promote some ideas that coming from a legislator would be challenged. His own personal competency would be challenged, as the result of his championing a particular point of view. Right or wrong—doesn’t make any difference, really.

When a policy is devised, the Taxpayers Association can promote that policy and do it in a dispassionate and nonpartisan way, so that no elected official has to take the heat in case it turns out something was wrong with it. And it’s a very real possibility, when you devise any sort of a tax program, that you have some gimmick in it that just won’t fly or is unfair or just won’t be acceptable. So the Taxpayers Association has been able to develop, without political considerations, some tax policy programs that have been successful and acceptable.

The one we devised in 1978, we devised that in cooperation with a legislative committee and offered it to every candidate for governor and every candidate to the legislature. It was designed in quite

substantial detail. Governor List bought it—adopted it, I should say; his opponent rejected it. Governor List was elected; his opponent was defeated. [chuckles] And incidentally, a majority of the members of the legislature who stood for election endorsed the program and were elected, and then adopted it.

I think it was an intelligent program and was well received. And it’s still in effect, in spite of the 1981 and 1983. We’ve come right down to the fact that about all the 1983 legislature did was reaffirm the decisions of 1979 and 1981.

Well, as I understand it, then, you’re saying that you really believe that this is an effective form of the formation of tax policy and so forth....

Yes, I think it is.

...that it has proved to be effective in Nevada over the years.

Well, I’m not going to take any more of your time. I’d like to now offer you the opportunity to say anything you please, if there’s anything that we should be talking about or that should have been addressed and wasn’t. Please feel free to say anything your d like now before we end the interview.

Well, I think for business people, the Taxpayers Association is a very effective investment. It doesn’t cost all that much, and I think it gets results that are more nearly worth the money than any other method I know, as far as influencing tax policy in the state of Nevada.

What do you see in the future for the Taxpayers Association?

I think it’ll continue to grow.

And continue to be influential?

Why, I think it will be, yes.

Would you characterize this as a somewhat hostile political environment right now for them?

It is, but that's going to change. We have an election every 2 years, you know. And I look for some substantial changes in the 1985 legislature that have to come because some of the members of the 1983 legislature just make complete fools of themselves. They have too much integrity in Nevada to stand for that kind of conduct; they just won't have any part of it. Those people are going to be left at home in 1985. It couldn't happen to a more deserving group.

On that note, we'll end the interview. Thanks a lot for your time.

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